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Tom Vujovich - Chair called the meeting to order at 1:22 p.m. The following members were in attendance: Matt Souza, Corey Carr, Rich Stenner, Staff Ed Curtin.

Guests - Bruce Donaldson, Mike Claytor, Mayor

Minutes

Minutes for review 2/5/07, 2/28/07, 3/5/2007, 4/10/2007. Approved as submitted.

(\*\* - denotes questions)

#### Action Items

<u>Public Hearing re: Appropriation of Woodside Northwest Bonds</u> Ed – public hearing regarding the appropriation of those funds. Bruce/Mike present, copy of resolution was provided to committee.

PUBLIC COMMENT: No comments received.

Bruce – Resolution reviewed, short resolution which merely appropriates money because it is not in any current budget, appropriates up to \$1 million to those projects. If passed will file with Department of Local Government Finance so they will be on notice that this is appropriate money that builds into the budget.

Discussion – Anything unusual about bonding for infrastructure in an industry park? Not at all unusual. Even if the industry park investment is stimulated by private investment? Probably one of the most frequent uses seen of TIF and TIF bonds is to provide this kind of infrastructure in industrial parks, etc. Question to Mike/Corey – how comfortable are we that we have adequate coverage? The total coverage, which would be based on the tax increment that could be generated in the area, still possible to go up to the full \$1 million, if you then layer in the amounts of abatement that could be taken then you have more than adequate coverage. Discussions that I think we are going to have in talking about the split of taxable versus tax exempt on the parking garage, that impacts this question, so the more taxable parking garage project is then less we have for this project. The more we can make that project tax exempt then the better the coverage will be on this project.

Moved - Matt Souza and second - Corey Carr - Adopt of resolution as written - APPROVED

<u>Discussion of Matters Relating to Parking Garage Bond Sale and Operations</u>
Ed – Parking garage – two pieces, one is a for-profit, retail space on 4<sup>th</sup> street, as well as leasing that we will do for the parking spaces and then the non-profit which will be the public space. Because of that, this has an impact on whether the bonds are taxable or not. Part of the

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discussion is how we handle any of the leasing for the garage, both retail space and parking spaces. What Bruce has done is provide us the information on how we can ultimately get to the point where we can deal with the leasing of not only that structure but any property.

Tom – This would apply to property at The Commons, Commons Mall as well, same structure.

Bruce – Part of this is driven by State Law because any time a Redevelopment Commission owns property and wants to lease property under State Law you are required to go through an RFP bidding process. The law was written thinking you are acquiring big chunks of property in a downtown area for redevelopment and then you are going to offer it out to be redeveloped. It does not really contemplate whether you are going to lease out retail spaces. As a Redevelopment Commission taking about negotiating with a restaurant to locate it does not make sense to go through a bidding RFP kind of process, you just want to have an agreement. What we propose to do and we have done this in other cities is create a master lease between the Redevelopment Commission and a non-profit corporation that would still be controlled by some combination of the City, Redevelopment Commission, however you want to appoint the board. A long term master lease but that entity would be free to go ahead and negotiate directly the various leases that you want with the tenants of the retail space and their private parking spaces with businesses on board above that. Tool to make your leasing work efficiently once it is up and going. The non-profit corporation can be either a 501C3 or 501C4 route. Had some discussions with Tom and Corey about this last week and not sure how much past analysis you want to get into at this meeting but I think bottom line is we are probably going to recommend a 501C4 route, just gives you more flexibility with how you want to negotiate your leases than the 501C3 does. Idea is we create this corporation, figure out how to staff the board, by in large be a pass through entity at least in terms of the income that comes from the retail and the income coming from the parking spaces will still flow up to the Redevelopment Commission and provide additional revenue to help support the parking garage bonds. Prior reports have just been based on TIF alone, conservative in that respect, the parking revenues after you net out cost of operation hopefully will give you even more cushion to make sure that you can cover that.

Tom – Creation of the entity that has the master lease, that is a creation of the public sector or is this something you put an RFP together and solicit bids?

Bruce – We will create this non-profit, file Articles of Incorporation with the Secretary of State and whomever you decide you want to be on the board and who will appoint the board, we can set that all up in the organizational documents of that entity and then we will technically need to go through one bidding RFP process to do the master lease part. It will be set up in a way that the master lease needs to be with a non-profit entity that is going to operate on a pass through basis. You only have to go through it once instead of having to go through it every time you do a lease with whoever is in the space. This is based on the structure of the RFP – this particular type of use.

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With a C3 you have to be really careful about making sure that all of the leases that you have are arms length and on parity with each other. So to the extent that particularly in the beginning you want to have some flexibility about what you are charging for space and that sort of thing, you are going to have more flexibility probably with a C4. A lot more scrutiny – C3 in this context is designed to "relieve the burdens of government" is the non-profit, charitable purpose and doing a parking garage, a public parking garage can fall into that category but a C4 is more a social benefits type organization, can be much broader, a lot of neighborhood associates and things are like are organized for that purpose and we felt and talking through with tax experts it is going to be a lot easier to defend a C4 in context and it will give you the flexibility. C3 rationale is more for relieving burdens of government, getting a little bit on the edges of that when you are talking about operating a parking garage that is going to have a large share of retail and private parking spaces – multiple use features.

Used in Indianapolis, garage downtown with Steak & Shake. They do the retail leasing through Indianapolis Downtown, Inc but that was an already existing organization and I don't recall if it is a C3 or C4.

Tom – Requirements for us creating the non-profit corporation, do we have to have approval to proceed this direction, other than incorporating with the State, what are the other things we have to do?

Bruce — What we would need from you today is formal/informal, your blessing to move forward in this direction and then work with Carrie to start getting the organizational documents set up and we can start putting together the RFP documents and bring that back to you at a future meeting sometime in the near future. Wanted to walk through this, get your feedback and make sure we are going down the right path before we put too much paperwork into that.

Tom – Does it require City Council approval?

Bruce – No, this part does not.

Tom – Would the board, group that is created through this be appointed by the Redevelopment Commission, Redevelopment Commission and the Mayor, Mayor/City Council.

Bruce – You can do that anyway you want. We will take your guidance on that, variety of appointments with different parts of the city or Redevelopment Commission.

Tom – Size of the board is flexible? If we did not go this direction, I know in previous discussions we have talked about the possibility that on a yearly basis you would have to do RFPs for every leased parking spot?

Bruce – At least for every retail use that you had and for every block of parking spots that you were going to rent out to a business. I do not think you have to do it for open level parking where people come in on a daily basis, pay their daily rate just for open parking but for any kind of longer term lease requires an RFP.

Tom – That really becomes a pretty difficult process to manage for the Redevelopment Commission. Are there any other models in 501C3 or 501C4 that you would consider?

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Bruce – I do not know of another model. I suppose if you wanted to have a for-profit garage operator or some of your developers, or somebody who wants to be in business of running this facility you could theoretically go through the same RFP process and have a master lease with someone like that, sort of what Indianapolis did with the Circle Center Mall itself, they have a long term master lease with Simons and Simons subleases out all the spaces to the various stores and restaurants based in the mall. I do not know if there is any kind of market for that here or not. That would be the only other one I could think of.

Tom – If we did it that way would they be taxable or non-taxable.

Bruce – This part of it is going to be taxable either way. The part that relates to the retail space and the private parking spaces, that portion of the garage is going to be taxable of whether you use a non-profit or for-profit, it goes to the ultimate private business use of those spaces.

Tom - This structure does not have bearing on the taxable nature of the bonds?

Bruce — What bears on the taxable nature of the bonds is going to be the ultimate uses of that space. We can get into that a little bit, basically going to have to look at this overall facility and decide how to allocate part of the facility that really consists of retail and spaces that are rented to private businesses and announce that part of it on a taxable basis. The part that is going to be generally open to public parking then we can do on a tax exempt basis. I will say that if you decided to lease the entire garage to a for-profit operator that could impact, that could make us not be able to do any of them tax exempt because theoretically you have a private business user of the whole facility, even though part of their business is then renting out spaces to the open public. That is not a model we have contemplated at this point. Columbus Redevelopment Commission

Tom – What are the negatives associated with that?

Bruce – Taxable bonds which then affects you coverage on both this bond and the Woodside bond. Higher interest rate, more TIF impact.

Tom – That just does not fit into the financial scenario.

Mike – If we take you back to when you first started talking about this and trying to get as much capacity as possible at the existing level, we were looking at something that would be 20% taxable and 80% tax exempt. The further we go down the taxable line to getting more and more of that taxable, the worse the numbers become. At some point it becomes unaffordable and just looking at TIF, not looking at what the retail rentals might be or at what dollars could be coming off the parking garage, just looking at the TIF revenue stream, we have calculated that taking into effect both Woodside and the parking garage, that if you went more than two-thirds taxable on the parking garage bonds, we start getting into negative numbers. That is assuming 5% interest rates on the tax exempt part, which is a little bit higher than interest would be today but we have not actually sold bonds yet so we are putting a little cushion in. If you start considering the dollars that could come off of the parking with dollars that might be net profit from retail those numbers get a little better but if we start looking at more than half or more than two-thirds taxable we will have some real problems making this cash flow, not in the long term because we know in the long term there is going to be more and more build but it is a problem in the short term getting by those first years of capitalized interest. We start getting really ugly in those early years and then as things get built and picked up things get better.

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Tom – the split of two-thirds, one-third, is that based on square footage or based on revenues? Mike – Right now we have just backed into that. You have to look both at how much is being used and how much money could be coming in.

#### Tax Exempt Applications

Bruce — We can use any reasonable allocation method that we can justify as reasonable, square footage is one way that is used often and that is what we have discussed. Proposed regulations recently on parking garage type allocations and may be a simpler method that we can look out, see how it shakes out in terms of the numbers but the way we would do the allocation there is basically, we would allocate some part of the cost of the garage to the retail space and just say whatever cost is allocated to that, that is all that is taxable. We know that is going to be taxable. Then you look at all the parking spaces, do a very simple mathematical formula, of those 400 spaces, what percentage of those spaces are you planning, worst case scenario of the life of this bond issue, in a year to lease out to private businesses and if it is 75%, we allocate 75% or 50%, whatever that is, then we multiple that against the cost allocated to that part of the facility, add that to the retail as your taxable, the rest of it is tax exempt. That is the simplest way to go about it and the way that the IRS at least must think it is reasonable because they put in a proposed regulation.

\_\_\_\_\_ - Reserved spaces tax exempt, everything else taxable is what you just said? Yes Can we break that down further and do it by hour?

For instance, the lease spaces are 8-5, they are not leased. That is a good point that might help us out. Is a space at 2 AM the same value as 9 AM.

Bruce – We will have to roll up our sleeves and do some tax work on this and allocation work and figure out the right way to size this. Put all those things into the mix and come out with a reasonable allocation. The other thing that we talked about too is that is it not necessarily a strict percentage of number of spaces in the garage because the drive lanes could be considered public, it becomes an equation of square footage per space.

Tom – Mike – without the benefit of the creative talents that Corey just introduced, is there a number that is floating around as far as what the maximum number of lease spaces could be?

Mike – We really did not do it in terms of lease spaces, we did it in terms of project size, dollars to dollars and that is in terms of looking at two-thirds of the dollars being bad money versus a third of it being good money. Good being the tax exempt piece. We can certainly relate that to the spaces but we have not done that at this point.

Tom – The penalty that you pay for exceeding the numbers?

Bruce – If you got audited and it was determined that you did not meet the tests, could declare the bonds to be taxable and what they typically do is try to make a settlement instead of trying to

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go out and make it whole with all the different taxpayers or bond holders out there, they assess how much they lost by giving this tax exempt interest rate and then hit you with that in some type of lump sum settlement.

Mike – IRS has a program for that where if you discover that, you can actually go into their program and they will calculate the net present value of the lost revenue to the federal government due to it being tax exempt and you as a governmental entity pay that and that keeps them from declaring the bonds taxable. If they would declare the bonds taxable, you or the government whose bonds were sold as exempt and then they suddenly became taxable, all your bond holders would have to go back three years, amend their returns and pay taxes on that and your community would never sell bonds again, ever. It is a "you don't want it to happen" rather than the things that can happen because of that.

Tom – What is it you need from us – just a direction on the 501C3 versus C4?

Bruce – The blessing that this non-profit structure works, is the direction you want to go. I think at this point we are making a 501C4 recommendation. We can study that a little bit more but the main thing at this point is just to know that we are going forward with the non-profit option so that we can start going down that road and start processing some paperwork.

Matt – Follow-up question – function of the non-profit. Piece I missed was how the property management will be performed. I would hesitate to think that a bunch of appointed members of a non-profit board would just be assumed to be experts in property management. Is it ordinarily a case that we would contract it?

Bruce -I do not know how you have thought about doing property management. Yes, the answer to your question, I think this board would be there more really for legal purposes, pass through kind of entity. Have you had thoughts or discussions to this point about who actually manages the facility and so forth.

Tom – We have had some informal discussion but not anything specifically.

Bruce – That will be an important piece, even for the part that we say is tax exempt, good, public open spaces and so forth, the way you structure that management contract can affect even that piece. We have to pay attention to that as well. You can set up private management contracts in such a way that you can make all your bonds taxable. Even if the entire garage is an open public parking garage, if you set it up in certain ways it will be deemed as their private business use, the mangers. We will want to look at that piece of it as well.

Tom – If in the awarding of the contract for construction of the garage we included a provision that the contractor had to provide management services for one year, two years, etc – that gave the commission an opportunity to see what management level is required and the idea being that at the end of that period of time we would make a determination whether or not we have the

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capability to manage the structure ourselves or want to contract it out in the future. Is that reasonable?

- The rationale is that you if you somebody putting on a roof for you, they could provide a service for a year, five years for maintenance of that roof. - I doubt that anybody that is going to be your actual construction company building this parking garage is going to have any idea how to be an operator or a manager. \_\_\_ - I think the possibility is that they would have whoever that is be a sub to them for that piece of it. No different than them having subs for different kinds of work. Whoever that is could be a sub to that general contractor. - Do not know how many general contractors around have subs that do that kind of work. In my mind I do not think that the people who build buildings are in the business of operating parking garages, really restricting the bids that you would get. Tom – For instance, contractor might subcontract with Dennison to do that sort. Mike – In order to bid on contracting this they would have to go out and find somebody to subcontract with to provide that service under their general contractor. You can do that, I think it makes it a whole lot harder piece of work for someone to come bid on it and I think you probably exclude some people from wanting to participate. I would be happy to go build a parking garage but I don't want to go to the work of having to go find somebody to arrange an operational contract with. - That is one feature you would also be paying additional fee for Dennison to provide the service, to the general contractor. Mike – I think you would be better off just doing it yourself. Do a contract yourself. Instead of making the contractor contract with somebody, just do your own RFP or something for that service and do a trial period. Actually that would be a good fact for me under the tax analysis,
- Tom You mentioned the relationship up in Indianapolis with IDI, as that not-for-profit in the middle. Was there some calculation of the cost that IDI was incurring in terms of managing the garage or the spaces and then was IDI able to recoup that cost as they were moving the sublease payments upstairs to the bonding authority?

the shorter period of time that you have your contract with your operator, the better it is for the

tax exempt analysis.

Mike – I don't know the answer completely. I think basically the Simons pretty much manage those parking garages and so everything above the retail space is just being managed by Simon

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Properties as part of their parking unit. It is just that first floor retail space that IDI is involved in as that sort of intermediary.

- Not a profit center for IDI?

Mike – I think it does provide them with some income.

Tom – Some of it stays at Indianapolis Downtown Inc and some of it goes back up to help repay the bonds.

Mike – I think they pay some kind of pro rata share of expenses, still some operating profit.

Tom – At this point our assumption has been that the operating income off the garage through leased spaces, fee parking and retail space would pay the operating costs? Also longer term maintenance and that the debt service all comes out of the TIF.

Mike – We have modeled everything that way, we have not relied on any operating income.

Tom – Question before us is whether or not to give the go ahead to proceed with the planning on the 501C4 model. \*\* - No comments, all in agreement.

- Request for other similar examples would be useful so we could understand the trade off.

Mike – Becoming quite a hot topic in the law firm, going on in a lot of communities and starting to compile some research on these options. I will share the benefit of that with you.

Tom – Timeframe?

Bruce — We can move forward on the bond sale. Are we doing this by competitive bid or negotiation? Probably negotiation. Will have to put together a disclosure document to go out and market and sell the bonds. I know they have been waiting partly on the tax analysis. This piece of it does not have to all be done and in place when we close on the bond issue, we just need to know what we are going to do, what our reasonable expectations are, but we do have to do the tax allocation. What we will do is work with Ed and Mike and whoever else wants to be involved, try to complete that tax work so that we can get you the right allocation, taxable/tax exempt and then we are through all the approval processes, the State DOGF has approved this and so we are free to go market and sell bonds whenever we are ready.

Tom – Factor in the 24 hour period as the operating period. We will in all likelihood lease spaces from 8-5. We do not have any 24 hour leases in the downtown today.

Mike - If you could try to figure out the cost allocations between the retail space and everything else in the garage I think we can start with just separating that off. I know there will be some

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common cost obviously that whatever would support the whole building is going to be allocated but you can do the best reasonable estimate you can, how much of this cost will be allocated to the retail space and we will take that out of the mix. Then you can do the parking analysis.

All — The way you look at that, you want to allocate the minimum amount that is legally justifiable to the retail? Yes. Some rationale way that minimizes the allocation of that. Anything that is just there for the retailer has to be allocated. Not necessarily square footage of footprint versus square foot of all.

- As a person who leases, I would like to know that at 5 o'clock I'm not paying additional, if I go to my law office and park there, I can find a spot some place else and I'm working coming in at 6 and staying until midnight, I don't have to go elsewhere to do my work.

All – We will work that through. Are we going to charge 24 hours? Do we know that? We are not charging after 5? Goal is to set all these polices in light of what is going to work for the overall downtown.

#### Approval of Claims

Ed – All are work that we have requested and/or advanced for.

Questions from committee members received data to support claims.

- 1. Claims from Christopher Burke Survey work, paid for out of grant. Consistent with what we have to spend and performed as we agreed. Moved Souza; second Stenner APPROVED
- 2. Claim from K & M Classic. Minutes from December through last month. Moved, seconded Stenner APPROVED Question Literal tape transcription, derived from tape? Yes. Not familiar with the service, other branches who use it? Technology Committee uses Oakel is the one who recommended. Is there a requirement that we maintain minutes legal requirement? Yes. Ongoing? Hiring somebody that satisfies that and this is a lot cheaper than hiring somebody? Yes.
- 3. Expense report for Ed. Some mileage for meetings in Indianapolis, airfare for a conference attending later in May, also for some dues that we paid to be a member of ICSC (International organization for shopping center for owners and operators) and for registration fee for the conference in May. Form is consistent with the City Claim form. Reimbursement for conference registration and airfare, has that been paid at this point Ed these are all expenses I have incurred. Question This is a conference from which you might bring us some intelligence on how a not-for-profit public organization like this retain and manage property? Yes the other possibility is identifying retailers that may have an interest in coming here. Moved Carr, second Stenner APPROVED

Other comments - Rich -6b - \$700 to \$1,000 per year for transcription services? Ed - at this point. Rich - minutes that we received were very thorough - is that the standard. Ed - she pretty much is transcribing everything that is said.

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Attempt to summarize – will require some judgment call – I'm on the other end – I don't mind seeing the detail.

#### Information Items – Ed

Compilation of abatements that City has granted – earliest tend to be 1995. There were 150 tax abatements, part of the reason for having to come up with this we need to provide the County Auditor information about each abatement and what the personal ID is for each one and whether or not we are getting tax abatement for that. Left column – is it in a TIF area, do we take tax abatement roll off for personal property and then do we take tax abatement roll off for real property. The items that you see highlighted are to be best of my knowledge those that we would receive abatement on. I have been working with Jim Clouse on this. We do receive the highlighted one and we forego the plain ones. We now have this set up for tracking each abatement as it comes in. One of the changes is virtually none of the applications indicated parcel numbers when we were going through those. That was part of what took a fair amount of time and we did not have the date of the resolution so we could really clearly identify when it was accepted, when it took affect and when it did not from our standpoint. The last piece I want to point out is on the very back page, the total amount of real and personal property and the value previous to the abatement and then the value of those improvements after the abatements were granted for the city ends up being about \$3.8 billion. Breakdown is \$836 million for the real property and \$2.965 billion for the personal property. Based on information available, the roll off that we end up getting are the value of all the real property out of those ends up being about \$25 million (? assessed evaluation). Ends up being 0.6%+ of all property that we have abated in the community. Information was provided to Mike today, some of this may be used in their analysis. This information will be shared with Council. This type information is required for reporting to Auditor on annual basis.

Misc comments - All abatements in Woodside prior to creation of the Redevelopment Commission are not included in this number. Creation date - one for the airport was 10/2004, central area was 11/2004. Anything prior to the establishment date we did not take. Indication of estimated value - how long is it an estimate before it becomes a real - answer not currently known. Current work involves collection of partial numbers, values and calculations.

Special thanks to Jim Clouse for his creation and assistance in formatting this documentation.

Ed's Monthly report available for review.

Indoor Sports Complex – In process of talking with two property owners that were identified by developer that they felt they needed in order to fulfill their project. Got a price on one property, working on second. There may be a way of funding the purchase of those two pieces of property. Meeting last Wednesday with the ISMF Board about parcel that they own, which is also needed to do the project. What we are asked to do is go back to the developer to see how

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they have done other projects, whether they have gotten land included in their deals in the past or how they have been structured. Tracy sent E-mail, heard back within minutes that how they have done it in the past is property makes the deal really palatable, able to move forward. Going to go on field trip on Thursday to Chicago area to visit some of the facilities that they have constructed that are currently in operation. Hopefully will have some resolution fairly quickly on ISMF property and the two additional pieces needed and then able to move forward.

Exit strategy is still a point, piece there is a question about, looking at a 5-7 year horizon for that piece. Talked about what they think that should be and there are three different possibilities identified to date:

- 1. Perhaps Ceraland takes that over in that time frame, they have had interest in having a downtown presence. Jim Kreutzjans going to visit Chicago facilities. Been involved in sports project all along.
- 2. Identify private investors locally that would be interested in taking that on as the project gets up and running and is successful.
- 3. The city in one form or another take on ownership of that project.

Tom/Ed - If the land issue were resolved would they still be looking for an answer for the long-term? I don't think so, I think they would be ready to move forward. They would like to start this fall.

Tom - One of the issues that are similar between this and what we have run into with Woodside is the notion of public dollars to benefit a private developer and whether or not that is an appropriate thing to do. What we have heard from Mike/Bruce is that is why you create TIFs. Some amount of public investment to stimulate \$17 million in private investment – Yes.

There is also significant private contribution and that is why it is difficult for some folks to understand the need for the public investment, because Columbus has been so generous with project contributions. There has not been the need that other communities have faced to have public investment but we have not had to have that.

Tom – It would appear if we can solve these two land issues along 2<sup>nd</sup> street that are critical to getting this done, it would appear that we can get that project announced and started. The combination of the indoor sports complex and those two hotels really creates that whole dynamic that makes the downtown go. From the commission standpoint we are tapped out – finding the resources, money short term to make deals happen we are going to need some creative help. Heritage Fund may be a possibility for short term loan for land acquisition, post office is the other one that comes to mind where we kind of face the same thing. I think we would like to be able to acquire the property from the Teachers Retirement Fund short term so at least we control the property, the land, and then negotiation with the post office however that proceeds, another one where we are going to need a short term cash infusion.

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Ed - Received message from Brad Maeder, looking at coming down here. Thought the next step was to visit the facility, that they had some type of facility planned/figured out so they obviously have been thinking about it and getting closer. As soon as plans made will let everyone known and whoever wants to participate in that conversation is more than welcome (Rich Stenner and Tom Vujovich).

Ed – Monthly report – Koetter/Kim will be in town on the 14<sup>th</sup> to discuss the parking garage. Public meeting that evening in Council chambers. Close to having plans done.

#### Miscellaneous

Mayor – Clarification, talking earlier about 501C4, somebody operating/managing the facility. I think we are reading into this more than we should be in my opinion. There has to be a budget that we come up with for cleaning the place, light bulbs, police will monitor it. There will be two checks a month probably written to somebody and that would be if the 6200 square feet is divided into two and we have to charge them whatever it is a month, those checks have to be made to somebody, because the others can still be paid by the police department like they have been for years on the private parking spots. Why would they write one to the police department and then they turn that in every day, it goes into an account. If that is how it is done, I don't want to make things too complicated. If the police manage that like they always have and there are parking tickets, for example, three hour parking in the parking garage, and there are citations written and people pay them, then that money should probably go for the maintenance of the garage? There is not a fund, bottom line there will be two checks a month written that somebody has to accept. If you own the building, those checks could to Ed, Ed walks them down to the Clerk Treasurers office and that's it.

If the money comes to the city direct, that makes it taxable, is that right? Isn't that the issue? The other issue is that by creating a separate entity it gives us a lot more flexibility in how we deal with the lease spaces for parking and for retail. As I understand it, if we the Commission owns and operates the parking garage, they have to put out requests for bids for the lease space, for the commercial part and for each of the parking spaces. That's what we want to avoid. By creating that separate entity, that allows us to do that, separate entity would receive the checks and then that ends up passing back to us.

Mayor – we're building more into this. When we get three and four parking garages may be another issue but right now if that entity had a 5 or 7 person 501C4 program, the only thing they could do would be once a month or once a year, however paid, be made out to whatever the name of that group is.

We would have to bid that out, put an advertisement out that says we are going to be leasing 200 parking spaces, if you want to lease a parking space put in your bid.

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Mayor – someone has to start receiving that money which has to be put into a fund. How many fingers is that money going to touch before it goes into the right fund? I understand that it cannot be made out to the Redevelopment Commission.

It can't come through a municipal jurisdiction. It?—the revenue?

Create the 501C4, give it a master lease, will that portion of the garage that becomes a non-tax exempt loan, we are going to give it that portion, which is all lease part because retail and parking spots, it is the lease part of that garage, that's what you are going to give them? That's a distinction that was not clear. That's not what we just talked about either. We had the understanding that the entire facility was the responsibility – need clarification from the lease folks.

The relationship you are going to have with the 501C4 will create a taxable bond situation for that portion of it that it oversees, that is how it is set up. But what portion that it oversees is yet to be determined. If you decide to let it oversee the entire structure then the entire structure becomes a taxable bond issue – Mike said you cannot do, you have to break into percentages. If you tie those two stages into each other, this entity because it creates a taxable bond situation, you are only going to give it authority over a certain percentage of that garage, otherwise you create the entire project as taxable bonds.

Tom – We end up with two entities, one is the group that we create that manages the leased spaces and the retail and then there is the balance of the garage and parking spaces that is open parking, may be fee based but is open to the public, doesn't have a meter but not necessarily free, somebody has to manage that part of it, that could be the commission or it could be whoever.

Mayor – We could manage this as much as you want to manage it, you could have \$200,000 worth of management a year if that is what you want or we could minimize that because that parking garage is never going to make money, it can't, it won't. If we were downtown Indianapolis like Dennison, there they make money, they do it in a different way, we are not there to make money. We are just not going to do it.

Tom - if I understood Bruce, the non-profit corporation in the middle is what allows us to not go out for bid every year to lease spaces. Yes - Mayor agrees.

Mayor – we could figure what the money is going to be, whatever number this group comes up with on parking and the fee for the lease from the parties that will be down below, that money coming back in, that is what we are using to maintain it.

Tom/Mayor – I thought you were suggesting we did not need this group in the middle. No – I think we need them, how to manage it is the question. Mayor believes we can over manage this and create more cost, still some time to figure this out. We need to keep things as simple as possible first.

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Matt – Commission has enough questions and enough interest in the folks who attend commission meetings that either subcommittee route or some closer work with the executive director would be helpful to sort some of these issues for us. We are stuck in territories – instead of taking up the commissions time talking about whether we are going to have a three hour parking meter on a particular space, take up the commissions time weighing viable alternatives that are developed by someone who knows that they are talking about.

Meeting adjourned 2:48 p.m.

Next meeting -6/4/2007